

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
HARRISONBURG DIVISION

KENNETH L. BONNER, SR.,)	
)	Civil Action No. 5:02-CV-00065
Plaintiff,)	
)	
v.)	MEMORANDUM OPINION
)	AND ORDER
BRUCE DAWSON and)	
TERRY BISHOP,)	By: Hon. Glen E. Conrad
)	United States District Judge
Defendants.)	

Plaintiff Kenneth L. Bonner, Sr., filed a one-count complaint alleging that defendants Bruce Dawson and Terry Bishop violated federal copyright laws when they used plaintiff's copyrighted architectural design without consent. The issue of damages was tried to a jury on January 28-29, 2004.¹ The jury awarded damages for plaintiff against defendants in the amount of \$10,707.00. Plaintiff then filed a motion for a new trial under Rule 59 of the Federal Rules of Civil Procedure, a Rule 50(b) motion for judgment as a matter of law on the issue of lost profits, and a motion for attorneys' fees under Rule 11. Defendants filed a combined motion for fees and costs under Rule 11 and Rule 68. For the reasons stated by the court following oral argument on these motions as supplemented by this Memorandum Opinion, each of the motions will be denied except to the extent that defendants are entitled to recover their taxable costs incurred after January 15, 2004.

Rule 59 Motion for New Trial

¹ United States District Judge James H. Michael, Jr., granted summary judgment in favor of plaintiff on the issue of liability. See Memorandum Opinion [# 23] and Order [# 24] filed October 14, 2003.

The Fourth Circuit recognizes three grounds for granting a Rule 59 motion for a new trial: “(1) to accommodate an intervening change in controlling law; (2) to account for new evidence not available at trial; or (3) to correct a clear error of law or prevent manifest injustice.” EEOC v. Lockheed Martin Corp., 116 F.3d 110, 112 (4th Cir. 1997). A party moving under Rule 59(e) on the basis of new evidence must “produce a legitimate justification for not presenting the evidence during the earlier proceeding.” See Small v. Hunt, 98 F.3d 789, 798 (4th Cir.1996) (internal quotation marks and citation omitted).

Plaintiff argues that defendants’ expert witness testified that the original set of plaintiff’s architectural drawings did not appear to have been approved by the Frederick County building inspector’s office.² This testimony was presented without objection. Later, during his closing argument, defense counsel argued that plaintiff’s drawings could not have been approved by the building inspector because plaintiff was not a licensed engineer. Again, the record reflects that there was no objection to defense counsel’s argument. Additionally, the court instructed the jury that defense counsel’s statements during closing argument were not evidence.

Plaintiff now seeks a new trial based on this testimony and argument. In connection with the motion, plaintiff has presented evidence that his architectural drawings were submitted to Frederick County in connection with obtaining the building permit for the building at issue. This evidence, however, was readily available to plaintiff prior to trial. As a result, plaintiff has failed to satisfy the requirement for a new trial based on new evidence and his Rule 59 motion will be denied.

² Plaintiff argues that his motion for a new trial should be granted because the evidence presented by defendants’ expert was false, citing Atlas Food Systems and Services, Inc. v. Crane National Vendors, Inc., 99 F.3d 587, 594 (4th Cir. 1996). There is nothing to indicate, however, that the limited testimony by the expert was false.

Rule 50(b) Motion for Judgment as a Matter of Law

Plaintiff has filed a Rule 50(b) motion for judgment as a matter of law on his claim for lost profits. "A district court should grant a Rule 50(b) motion only if the court 'determines, without weighing the evidence or considering the credibility of the witnesses, that substantial evidence does not support the jury's findings.'" South Atlantic Ltd. Partnership of Tennessee, L.P. v. Riese, 284 F.3d 518, 532 (4th Cir. 2002) (quoting Konkel v. Bob Evans Farms Inc., 165 F.3d 275, 279 (4th Cir. 1999)). "A court may grant [a Rule 50(b)] motion only "if, viewing the evidence in the light most favorable to the non-moving party and drawing every legitimate inference in that party's favor," it determines that "the only conclusion a reasonable trier of fact could draw from the evidence is in favor of the moving party." Figg v. Schroeder, 312 F.3d 625, 635 (4th Cir. 2002) (quoting Tools USA & Equipment Co. v. Champ Frame Straightening Equipment, Inc., 87 F.3d 654, 656-57 (4th Cir.1996)).

In order to recover lost profits in a copyright action, the plaintiff must show the existence of a causal connection between the infringement and a loss of revenue. Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 567 (1985). The plaintiff has the burden to demonstrate some causal link between infringement and profits before apportionment can occur. Bouchat v. Baltimore Ravens Football Club, Inc., 346 F.3d 514, 521 (4th Cir. 2003). Once the plaintiff has shown this causal connection, there is a presumption that the defendants' gross revenue is attributable to the infringement, but only gross revenue from the defendants' business related to the infringement is included. Nelson-Salabes, Inc. v. Morningside Development, 284 F.3d 505, 511 n.9 (4th Cir. 2002). Defendant can show that some revenue streams are not to be included because either (1) there exists no conceivable connection between the infringement and those revenues or (2) despite the existence of

a conceivable connection, plaintiff has offered only speculation to raise a genuine issue of material fact that the revenue stream is causally related to the infringing activity. Bouchat, 346 F.3d at 522-23. It is proper “to parse an infringer’s various revenue streams and to assess them categorically, rather than to consider all revenues together.” Id. at 523.

In this case, plaintiff presented evidence that defendants built and leased the building at issue. Plaintiff did not present evidence, however, that defendants’ gross revenues were causally connected to the infringement of plaintiff’s architectural designs. Defendants, however, presented evidence that the leasing party would have wanted the building built and would have leased the building even if a different facade had been used. Defense witnesses testified that the company which leased the building needed additional space and that the interior space and design of the second building were their primary concerns.

Viewing the evidence in the light most favorable to defendants and drawing every legitimate inference in their favor, it is clear that the jury could reasonably determine either that plaintiff failed to show a causal connection between the infringement and any of defendants’ gross revenues or, alternatively, that defendants satisfied their burden to show that none of their gross revenues were derived from the infringement. Either way, the jury verdict is supported by substantial evidence and plaintiff’s Rule 50(b) motion will be denied.

Rule 11 Motions for Attorneys’ Fees

Plaintiff and defendants have filed Rule 11 motions for attorneys’ fees. Initially, Rule 11 requires that the motion “be made separately from other motions or requests. . .” Fed. R. Civ. P. 11(c)(1)(A). In this case, plaintiff included a request for attorneys fees in his Motion for Summary

Judgment, but did not file a separate Rule 11 motion until February 9, 2004. Defendants included their Rule 11 motion with their Rule 68 motion.

Additionally, a motion for sanctions under Rule 11 must “be served as provided in Rule 5, but shall not be filed with or presented to the court unless, within 21 days after service of the motion (or such other period as the court may prescribe), the challenged paper, claim, defense, contention, allegation, or denial is not withdrawn or appropriately corrected.” Fed. R. Civ. P. 11(c)(1)(A). “When a Rule 11 movant fails to serve the other party twenty-one days prior to filing a motion for sanctions with the court, sanctions should be denied.” Truelove v. Heath, 86 F.3d 1152 (4th Cir. May 22, 1996) (unpublished). There is no indication in this case that any party complied with this requirement and for this reason the motions will be denied.

Even had plaintiff and defendants satisfied the procedural requirements of Rule 11, the conduct of which they complain does not support Rule 11 sanctions. By signing and filing pleadings in a case, an attorney makes certain representations to the court. Fed. R. Civ. P. 11(b). Although this case has been very contentious, the court does not find that any attorney has violated the provisions of Rule 11(b) such that sanctions should be awarded. For this reason also, the motions will be denied.

Rule 68 Motion for Costs and Attorneys’ Fees

On January 15, 2004, defendants made an offer of judgment under Rule 68 which plaintiff did not accept.³ The offer of judgment was for \$35,692.00 and plaintiff subsequently obtained a verdict

³ “[M]ere settlement negotiations may not be given the effect of a formal offer of judgment.” Clark v. Sims, 28 F.3d 420, 424 (4th Cir. 1994). In this case, defendants made settlement offers, but the first formal offer of judgment under Rule 68 was not made until January 15, 2004.

that was not more favorable than the offer. As a result, defendants are entitled to recover from plaintiff the costs they incurred after making the offer on January 15, 2004. See Fed. R. Civ. P. 68.

In addition to taxable costs, defendants seek to recover their attorneys' fees. The United States Supreme Court has held:

the term "costs" in Rule 68 was intended to refer to all costs properly awardable under the relevant substantive statute or other authority. In other words, all costs properly awardable in an action are to be considered within the scope of Rule 68 "costs." Thus, absent congressional expressions to the contrary, where the underlying statute defines "costs" to include attorney's fees, we are satisfied such fees are to be included as costs for purposes of Rule 68.

Marek v. Chesny, 473 U.S. 1, 9 (1985).

The federal copyright act provides that "[e]xcept as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C.

§ 505. In this case, however, attorneys' fees should not be included as part of defendants' Rule 68 costs. Initially, defendants were not the prevailing party on the copyright claim. Although there is a split of authority, the majority position is that because the Copyright Act provides for an award of fees only to the prevailing party, non-prevailing defendants cannot recover fees as part of their Rule 68 costs.

See Harbor Motor Company, Inc. v. Arnell Chevrolet-Geo, Inc., 265 F.3d 638, 647 (7th Cir. 2001); cf. Jordan v. Time, Inc., 111 F.3d 102, 105 (11th Cir. 1997).

Secondly, attorneys' fees are not recoverable under the copyright act unless the plaintiff registered his copyright prior to the infringement. See Evans Newton Inc. v. Chicago Systems Software, 793 F.2d 889, 896-97 (7th Cir.), cert. denied, 479 U.S. 949 (1986). In this case, plaintiff's copyright was not registered at the time of defendants' infringement and attorneys' fees were not

recoverable under the statute. As a result, defendants' costs under Rule 68 do not include attorneys' fees.

Conclusion and Order

Based on the foregoing, it is hereby

ORDERED

that plaintiff's Rule 59 motion for new trial [# 73], Rule 50(b) motion for judgment as a matter of law [# 74], and Rule 11 motion for attorneys' fees [# 75] are **DENIED**. Defendants' Rule 11 and Rule 68 motion for attorneys' fees [# 78] is **DENIED**. Defendants are entitled to recover their taxable costs incurred after January 15, 2004.

ENTER: This 9th day of March, 2004.

/S/ GLEN E. CONRAD
United States District Judge